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BULLETIN: Illinois Regulators' Approval Of Power Auction Process Does Not Affect Exelon Rating

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NEW YORK (Standard & Poor's) Jan. 25, 2006--Standard & Poor's Ratings Services said today that the announcement from the Illinois Commerce Commission (ICC) to adopt an auction process does not affect the ratings on Commonwealth Edison Co. (BBB+/Watch Neg/A-2), its parent Exelon Corp. (BBB+/Watch Neg/A-2), and its other subsidiaries. Although this action is considered a necessary step to achieve a competitive wholesale market and provides clarity to the commission's intentions, our concerns remain regarding the ultimate outcome due to the level opposition for the auction. The Citizens Utility Board is expected to challenge the ICC order through the courts and possibly the legislature. It is Standard & Poor's understanding that the ICC may proceed with its planning of the auction despite any court appeal from opposition, but could be postponed through some judicial or legislative action. The ratings remain on CreditWatch pending the resolution of a number of issues, including completion of the merger with Public Service Enterprise Group Inc. (BBB/Watch Dev/A-3), the final outcome of the wholesale power procurement process for Commonwealth Edison, and the recovery prospects for large capital expenditures (about \$3 billion) made by Commonwealth Edison during the rate freeze.

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